Corporate Law Update

January 2026

New York LLC Transparency Act Narrowed to Apply Only to Non-U.S. LLCs

Following New York Governor Kathy Hochul's veto of SB S8432 on December 19, 2025, the New York LLC Transparency Act (NY LLCTA) now applies only to limited liability companies (LLCs) formed under the laws of a foreign country that are directly registered to do business in New York.

Unless the New York Legislature overrides the veto or enacts further amendments, key NY LLCTA definitions remain tied to the federal Corporate Transparency Act (CTA) and its implementing regulations, which, following FinCEN's interim final rule, limit application to non-U.S. entities directly registered to do business in a U.S. state.

What Changed

SB S8432 would have untied the NY LLCTA from the CTA by inserting independent state law definitions of "reporting company," "exempt company," and "beneficial owner," thereby extending New York reporting obligations to all LLCs formed or registered in New York.

The governor's veto maintains the CTA-linked framework, so the NY LLCTA now applies only to LLCs formed under the laws of a foreign country that are registered to do business in New York. Domestic New York LLCs and U.S.-formed foreign LLCs remain outside the NY LLCTA's scope under this framework.

It is uncommon for non-U.S. entities to directly register to do business in New York or any U.S. state. The formation of U.S. subsidiaries for purposes of transacting business in the U.S. is the more typical business practice. Accordingly, in this form, the NY LLCTA is unlikely to have a very significant impact on businesses, including those with international activities or foreign ownership.

Reporting Obligations and Deadlines

LLCs that fall within this narrowed version of the NY LLCTA and were registered in New York before January 1, 2026, must file an initial beneficial ownership information (BOI) report by December 31, 2026, and those registering on or after January 1, 2026, must file a BOI report within 30 days of registration. Entities that fall within this version of the NY LLCTA but otherwise qualify for an exemption must file an attestation of exemption pursuant to the same deadlines. Annual updates are required to ensure the accuracy of previously reported information.

Penalties and Status Designations

Failure to file within 30 days of a deadline results in a "past due" notation on state records. Filing failures extending beyond two years will be marked "delinquent." Noncompliance may trigger financial penalties of up to $500 per day, plus an additional $250 fine for the initial failure to file, and, in serious cases, suspension, cancellation, or dissolution of a subject entity.

Practical Takeaways

- The veto of SB S8432 means only non-U.S. LLCs directly registered in New York are required to file a BOI report.
- LLCs subject to reporting should calendar initial and annual deadlines now and prepare exemption attestations where applicable.

FOR MORE INFORMATION

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